

RBI/2008-09/364
UBD. BPD (PCB) Cir No. 41 /12.05.001/2008-09

January 29, 2009

Chief Executive Officers of
All Primary (Urban) Co-operative Banks

Dear Sir

Balances held by UCBs with IDBI Bank Limited- Treatment for CRR/SLR purpose-

Please refer to our circular UBD (PCB). Cir. No.3/12.05.001/2008-09 dated July 11, 2008 on the above subject.

2. In terms of the circular referred to above, UCBs were advised that the balance maintained by them in current account with IDBI Bank Limited would not be eligible for being reckoned as 'net balance in current account' for the purpose of CRR/SLR under Section 18 and 24 of the B.R. Act, 1949 (AACS).

3. In view of the representations received from urban banking sector, the matter was reviewed and it has been decided that primary (urban) co-operative banks, are exempted, till further order, from the obligation of maintenance of cash reserve ratio (CRR) under section 18 or assets in the form of cash, gold or unencumbered approved securities under section 24 read with section 56 of the Banking Regulation Act, 1949, to the extent of the amounts deposited by them with IDBI Bank Limited, in current account.

4. A copy of the notification UBD.PCB.10/16.26.000/05-06 dated December 15, 2008 published in Part III Section 4 of the Gazette of India (Extraordinary) dated January 5, 2009 is enclosed.

5. Please acknowledge receipt to the Regional Office concerned of the Reserve Bank of India.

Yours faithfully

(A. K. Khound)
Chief General Manager